

AIR FORCE CONTRACTING NEWSLETTER

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Winter 1994

YEAR OF CONTINGENCY CONTRACTING: FORCES IN A NEW ERA

I am proud of what we accomplished in Operations Desert Shield/Storm (ODS/DS) and the many subsequent deployments. Since 1990, over 600 officers and enlisted personnel, active and reserve, have deployed to worldwide locations spending an average of 90 days on-site. This increased involvement in contingency operations is indicative of contracting's vital role in support of the Air Force worldwide mission.

Our experiences over the past three years respond to a changing world and to the new threats it presents. The DoD's "Bottom-Up Review - The Forces for a New Era" emphasizes there is no longer a cold war. In the future, our forces will be smaller, more deployable, and organized and trained to support two major regional conflicts (MRC). We have been working hard to react to this challenge. We took the lessons learned from ODS/DS and made significant and innovative changes to our policy and regulations. MAJCOMS continue to work hard to

CONTINGENCY CONTRACTING...A TEAM EFFORT DEPLOYMENTS SINCE 1990 BY MAJCOM

<u>MAJCOM</u>	<u>Officers</u>	Enlisted
USAFE	10	71
SPACECOM		1
AFDW	1	1
AETC	8	20
AFMC	6	4
PACAF	1	34
AFSOC		30
ACC	51	257
AMC	_9	<u>98</u>
TOTAL	86	516

refine our procedures and tools. All areas of contingency contracting, to include procedures for acquiring equipment, supplies, and services in support of overseas operations, formal contingency training, unit type code (UTC) adaptations, proactive Operational Plan (OPLAN) reviews, participation in base exercises, and active/reserve forces teamwork are being improved. Further, ODS/DS exhibited that it is critical to have good interdependent relationships with other functional support areas, especially the financial community. Strong "teaming" initiatives are essential.

Contingency contracting support is not restricted to overseas deployments or crises--we have equally demanding responsibilities here at home. Over the past four years, our people have made significant contributions to recovery from catastrophic events such as hurricanes Hugo, Aniki, Andrew, typhoon Omar, and the midwest flood. When the situation arose--our people were there within hours to provide for our troops and citizens in need.

ROBERT W. DREWES, Brig Gen, USAF Deputy Assistant Secretary (Contracting) Assistant Secretary (Acquisition) We have the finest contracting professionals in the business. As we prepare for tomorrow's deployment and natural disaster challenges, many of you will be depended on to lead the way and get the job done. Innovative procedures, teamwork, and realistic training will be the keys to our success. Whenever possible, I encourage all of you to seek duty as contingency contracting officers, and take advantage of the op portunity when it comes your way!



CONTINGENCY CONTRACTING: OUR YEAR IN THE MAKING

by Mai Sandra Gatlin, SAF/AQCO

DoD's Bottom-Up Review and the Chief of Staff's recent declaration that 1994 is the "Year of Readiness" gave focus to our first Worldwide Contingency Contracting Conference conducted on 28-29 Oct 93 in San Antonio, TX. The purpose of the conference was to specifically address and resolve contingency contracting issues. The briefings presented by representatives from the MAJCOMS,

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Honorable Sheila E. Widnall Secretary of the Air Force

> Mr. Michael J. Maglio Editor-in-Chief

Ms. Chaunette L. Stokes Editor

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Joint Staff, AF Reserves, and other functional support areas revealed the wonderful things happening in contingency contracting. The slide shows added to everyone's enthusiasm unveiling a flavor of peacetime "warrior camaraderie". We have some tough issues ahead. Since Desert Shield/Storm, many positive changes have occurred in the way we do business. But during the conference, we also discovered we need to do more. Needless to say, several action items resulted from the conference.

The blueprint for posturing ourselves to efficiently and quickly respond to contingency scenarios throughout the world is the SAF Contingency Contracting strategic plan. The strategic plan sets forth five elements for achieving that end: commitment and leadership; team focus; team performance; team support; and education training. At some point we will expand the strategic plan; but in the meantime, we should corporately resolve the issues at hand by reviewing and rewriting OPLANs and UTCs, and getting involved in war planning, local emergency planning, and local exercises. We should also focus on training our contingency contracting officers, establishing tools, developing a system of tracking deployed personnel, and getting involved with all the members of the "total team" (i.e., active duty, reserve, Air National Guard (ANG), and other functional support offices) within and outside of the contracting arena.

Our charter is clear. We want to: set the precedent by responding to change better than others; be brilliant at the basics - contracting and logistics; remember to not let intellect overpower common sense; work at keeping it simple; communicate with one another at all levels; be positive; emphasize the importance of personal integrity; follow up; work hard and have fun. The articles in this newsletter, from the MAJCOMs and field units, include many good ideas for doing contingency contracting smart.

Our "hats off" to all contracting personnel who have served, or are presently serving our country away from their families. Good job!→

DO YOU NEED A HOST COUNTRY SUPPORT AGREEMENT?

by CMSgt Johnny Elliott, HQ AMC/LGC

Boldly go where no other person has ever gone. While paraphrased from Star Trek, it also is a situation often experienced by the contingency contracting officers as they frequently deploy on short notice to locations where no contracting person has ever been and that are often "bare-base" operations. Site surveys and advance arrival would make the situation more workable, but timing and budgets often make those impractical. That is why it is essential to introduce you to the importance of the Host Country Support Agreement.

One such Host Country Support Agreement is US Central Command's (CENTCOM) Host Nation Standard Operation Procedures. This agreement, being developed by CENTCOM, will apply to CENTCOMs Southwest Asia area of responsibility. These agreements are near completion and will be available in the near future. If you haven't seen similar procedures, you are probably wondering what value they might be to you. Well, just imagine you are tasked to deploy to the country of Djibouti, and find yourself confronted with the following questions:

- Is assistance in kind available, if not can it be contracted locally?
- Is a passport/visa required?
- Are there any other military sources of supply available (like another country's military)?
- Are potable water, transportation, accommodations, POL, and services available locally?
- What are the limiting factors?
- Who are the local points of contact with telephone numbers?

All of these questions about Djibouti, as well as questions concerning other countries, are answered in these invaluable procedures. They are a critical baseline for beginning operations. If you haven't, you should consider making Country Agreements an essential part of your contingency contracting kit!



CONTINGENCY CONTRACTING--PACAF STYLE

by Maj Tom Krusemark, HQ PACAF/LGCP

Deployment in the contracting community is a reality that we must face responsibly. We are in the AF to support the vision of Global Reach and Global Power and to accept the risks that face us.

In PACAF, contingency contracting operations have stepped up considerably over the last year. We have deployed our people in support of exercises in the Philippines, Saudi Arabia, and The bottom line is contracting is rapidly becoming a serious "player" in providing contracting support to defense and security operations around the globe. Now is the time to get serious about contingency contracting in your organization. We, in the contracting community, should view contracting's new heightened role as an opportunity to learn. In the past, we have viewed contingency assignments as optional taskings in addition to our normal exercise workloads. This is no longer the case. Over the past three years, USAF has deployed approximately 500 enlisted personnel and more than 80 officers. If you have a Level II APDP certification and more than two years left, you can bet that you may be asked to participate in a deployment somewhere around the globe.

On 8-10 Feb 94, the 374th Contracting Squadron at Yokota AB, Japan, will be hosting our semiannual contracting workshop. During this workshop, we will be spending a lot of time discussing our command philosophy on contingency contracting. We want to ensure that we are ready to meet the contingency challenges that are rapidly becoming part of our operational requirements.

During the Fall 1993 Worldwide Contingency Contracting Conference, held at San Antonio, Texas, discussion occurred relative to the changing role of the contracting community in contingency contracting. What's coming? Well, you can bet there will be a bottom-up/top-down review of OPLANS and taskings. Additionally, UTC codes are being revised to add APDP requirements and reduce grade requirements to afford more flexibility in fulfilling contingency requirements. You can expect UTC requirements to be levied on each operational contracting squadron, irrespective of OPLANS. If your organization is not ready, now is the time to get ready--not later when it's too late.→

MISHAP CONTINGENCY CONTRACTING

by James A. Redd, 21 CONS/LGCM

The 21st Contracting Squadron, Peterson AFB CO, recently deployed a Contingency Contracting Officer (CCO) to support the T-37B mishap site recovery team. The mishap site was located approximately 260 miles west of Peterson AFB at Montrose CO, a small town in the western Colorado mountains.

Fortunately for the 21 CONS, the CCO assigned to support this deployment was a seasoned Master Sergeant with previous contingency contracting and deployment experience.

"Here are a few of his tips that you can use to measure your contingency contracting procedures:

- Appoint and train qualified contract specialists as
 CCOs. Make sure they are identified as either the
 primary CCO or alternate CCOs.
- Establish a single point of contact within the home
 base contracting office to support the deployed CCO.
- □ If an impact card is not appropriate, make sure your □ CCO has access to an AF Form 616, Fund Cite □ Authorization, to process a SF Form 44 (Purchase □ Order-Invoice-Voucher) and DD Form 1155 □ (Purchase Order).
- Before deployment, provide the on-scene
 commander and the element leaders a pre-brief
 regarding contracting authority and procedures.
- Deployment kits must be maintained and updated
 on a regular basis.
- Establish recall procedures for assigned CCOs to ensure timely notification of a deployment.
- □ Issue each CCO a government credit card.
- Assign a vehicle to your CCO or provide TDY orders authorizing a rental car.
- □ Train on-scene commanders and element leaders □ □ on contingency contracting procedures during □ □ exercises □
- Assign mobile radios to CCOs. During a deployment, provide instructions on how to communicate with the on-scene commander and mishap site control center.

Remember, the effectiveness of your contingency contracting plan and procedures depends on proper oversight, training, and CCOs who are qualified contracting specialists. Further, a review of lessons learned after each deployment will help future CCOs to overcome the many pitfalls associated with contingency deployments.

BUILDING A CITY FROM SCRATCH

by MSgt Johnson, 401st CONS/ITALY

Often our AF mission requires deployment to a location where permanent facilities are unavailable or damaged. In such cases, you may be asked to provide contracting support for a "Tent City". Being faced with procuring supplies for a tent city can be a rather easy task if you're prepared for the unusual. This means having ready access or knowledge of where to procure items not so commonly used by your customers.

In this case, Civil Engineering was our customer for Tent City. Some specific suggestions based on our experiences include:

- Having a prepared source list for emergency acquisitions is a very helpful tool when trying to locate vendors after normal duty hours. This source provides direct contact with vendors who are dealt with on a frequent basis and who are very receptive to our needs.
- Establishing Blanket Purchase Agreements (BPAs) with vendors for common supplies used by your customer is definitely a must. This simplified method of making individual small purchases has saved countless hours of contract lead times when practical to do so. Having multiple BPA's established for similar type items helps us to compare the delivery times of several vendors with our customer's required delivery dates. These coordinated purchases allow our customers to complete their work on time.
- Being sensitive to the customer's needs is always a must. But, being sensitive to your vendors' needs also deserves special attention. When procuring from local vendors for emergency type acquisitions, he is more responsive to your needs if he has been dealt with in a professional manner. He will more than gladly go out of his way for a customer who treats him fairly. Also, if you want to keep good relations with your local vendors, place special emphasis on getting them paid -- even if that means walking them through the procedures of how invoices are to be filled out. Doing it right the first time gets them paid on time.

Remember it will take the combined efforts of the customer, contracting personnel, and the vendor to execute your plan of action in the time of an emergency.

CONTINGENCY CONTRACTING TRAINING

by CMSgt Davis, HQ ACC/LGCP

History has shown that there will be worldwide occurrences of natural disasters such as earthquakes, hurricanes, typhoons, famines and floods, along with armed conflicts ranging from lowintensity conflict to full scale war. In many of these situations, the United States' (US) military personnel are called upon to provide the necessary assistance, and as expected they usually achieve the established objective, as illustrated in Grenada, Florida, Panama and Kuwait. However, no matter how thorough the planning that goes into the development of the tactics and strategies which are to be executed during these operations, without proper training, the response capability of these forces would be deficient. Would any commander commit himself and his forces to any undertaking without first being certain that the skills necessary to accomplish the mission, whatever it is, have been addressed in training? Only by peacetime preparation can we expect to perform well when called upon.1

To increase the number of fully qualified USAF CCO, HQ ACC/LGC designed the CCO training program for local presentation. Contracting superintendents are now responsible for assuring that unit contracting personnel complete this training program. We compiled a student manual to aid in completing the CCO training program. Included with this manual are:

- Student guides and workbooks
- Copies of the slides presented in the training
- Course critiques

The material we use in this course is available on computer disks for local use. All viewgraphs are in Harvard Graphics 3.0 format. All text material is in Word for Windows 2.0 format.

The purpose of the ACC Contingency Contracting course is to provide contracting personnel the opportunity for an intense review of areas of importance in contingency contracting. Additionally, this course uses exercises and a building case problem to improve the student's ability to evaluate relevant acts and analyze alternative solutions. The goal of this course is to

increase and broaden the student's knowledge and perspective of Contingency Contracting so that he/she will be more responsive and responsible upon actual deployment.

This course emphasizes participation and interaction among students and instructor(s). The information is a collection of scenarios from different Air Force contracting organizations and lessons learned from prior contingencies. The primary topics of instruction are the result of research conducted on contingency contracting officers and their responses toward areas of needed training. The progression and outline of instruction for the class reflects the actual phases that exist during predeployment and a contingency.

The blocks of instruction are:

- Block 1 Contingency Contracting Officer
 Authority
- Block 2 Disbursing Agent Responsibilities
- Block 3 Deployable Contracting Action Tracking System (DCATS)
- Block 4 Pre-deployment Planning
- Block 5 On-Site Contingency Contracting Procedures
- -- Block 5a Initial Mobilization/Deployment
- -- Block 5b Build-up/Sustainment
- -- Block 5c Contracting during Hostilities
- -- Block 5d Termination/Re-deployment

Due to the topical nature of the course and changes in contracting, course updates are ongoing. For these reasons, we depend on course critiques to guarantee the long term success of the CCO training program.

As a result of our first Worldwide Contingency Conference in San Antonio, TX, we will be providing a copy of this course to SAF/AQCO so in the future they may distribute it to the other MAJCOMs.



¹ Block, Bruce A. "Avoiding a Logistics Chokepoint," <u>Army Logistician</u>, 700(92-5): 21-23 (July-August 1992).

ORI -- LESSONS LEARNED

by Michael McAdams, AFSPACECOM/LGC

An Operational Readiness Inspection (ORI) at the 30th Space Wing at Vandenberg AFB tested the Contingency Contracting Support Plan. The 30th Contracting Squadron was tasked to rent dump trucks, purchase JP-4 fuel, and rent four refrigerated trucks. A simulated strike by the Base Supply contractor required the purchase of supplies with Standard Form 44. A simulated attack on a launch complex required the creation of a Blanket Purchase Agreement for mortuary services. Three ORI lessons learned are worth highlighting.

First, Emergency Points of Contact were established with each of the 30 contractors on Vandenberg AFB. This was essential in order to contact contractors rapidly to fulfill particular building security actions as THREATCON levels changed. This effective planning precluded problems from surfacing during the inspection.

Second, the 30 CONS responsiveness could have been better if they had a member on the Disaster Control Group.

Third, the ORI inspector made an unusual request for 750,000 gallons of JP-4 fuel. This requirement is normally purchased through the Base Supply Fuel Operations. Base Supply was notified and the fuel was ordered through the Defense Fuels Supply Center contract, with projected delivery dates that met the ORI requirements.

The ORI was valuable in that it demonstrated that the 30th CONS could satisfactorily support local contingencies within the time limitations and funding constraints.

MY EXPERIENCES IN A DESERT KINGDOM

by Capt James F. Whalen, ESC/TNK

I'm a buyer at the AFMC's Electronic Systems Center in Boston. I volunteered to go to Saudi in support of Operation Southern Watch. I lived in Riyadh for 100 days and was the contracting officer for the Combined/Joint Task Force-Southwest Asia (C/JTF-SWA). The JTF mission was to enforce the no-fly zone in southern Iraq. I was a part of the Logistics section (K-4).

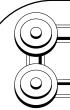
Out of the headquarters of the Royal Saudi Air Force, the JTF Commander, a USAF Major General, controlled operational units all over Saudi Arabia. The JTF Commander reported to the CENTAF Commander who, in turn, reported to the CENTCOM Commander. Other US military forces had various missions in Saudi, but ours was solely to enforce the no-fly zone. The JTF included US, British and French forces.

My job involved supplying the JTF with all requirements not obtained through military supply channels. This included billeting, food service, rental cars, computers, office supplies, fuel, hardware, film, office furniture, photocopiers, shredders, paper, printing services, and just about any other thing you can imagine. I wore civilian clothes and spent most of my time in downtown Riyadh.

The primary contract I used for recurring purchases was the BPA. About 1/2 of the BPA's were managed by non-contracting personnel, e.g., office supplies by the Supply NCO, rental cars by the Transportation NCO, Base Newspaper by Public Affairs, etc. We used the Standard Form 44 for over-the-counter purchases and the small purchase threshold was raised to \$100,000.00. As the only contracting person, I worked closely with supply. My duties included receiving requirements from the customer, filling out the necessary forms for funding, then finding a source and writing the contract or turning the requirements over to a BPA manager. Then I would either pick up the items in my car or arrange for a delivery. Later I would return to the vendor to personally deliver the checks for all purchases, including BPAs.

Normally in a contingency contracting situation a finance officer would accompany the contracting officer and carry local currency to make on-the-spot payment, but during the war most local vendors got used to check payments.

Looking back on the assignment now, I realize what a responsible and challenging position I had occupied. In addition to contracting operations, the JTF contracting officer also performed interesting liaison duties through the Ministry of Defense and Aviation (MODA), the Saudi Pentagon. I'll miss the dedication and professionalism of the people assigned with me in Saudi.



POLICY & PROCEDURE



STREAMLINED SUSPENSION AND DEBARMENT PROCESS UP AND RUNNING

by Janet C. Cook, SAF/GCR

The Air Force has recently made several changes to streamline our suspension and debarment program. The changes should result in a more responsive and effective system to deal with that small percentage of contractors that can't be trusted to perform responsibly.

The most dramatic change is that the Suspension and Debarment Review Board has disestablished and its functions assigned to a new debarring official, the Assistant General Counsel for Contracting Integrity (SAF/GCR). I assumed that position 1 August 1993. The same day, new suspension/debarment procedures, AFFARS 5309.4, were published as AFAC 92-31.

Under the new procedures, as before, a suspension/debarment action starts with a contracting officer's report recommending a contractor for suspension or debarment. Now, however, there are no further layers of review; the recommendation goes directly from the contracting officer to the debarring official. A copy goes to the MAJCOM for review and comment.

DoD policy requires that we make a decision on suspension/debarment within 30 days of a contractor's indictment or conviction. We can meet that goal only through close cooperation and efficient processes. The new regulation emphasizes the shared responsibility of the contracting officer and local counsel to prepare reports and to assure that both the legal and business aspects of a case are considered. As a full-time debarring official, I also expect to work closely with contracting officers and counsel at any stage in the process where I can help. We in SAF/GCR will be available to answer any questions you may have about the program in general, how to prepare a report, or whether a particular set of circumstances warrants suspension or debarment.

Of course, suspension and debarment are not limited to contractors that are indicted or

convicted. We also need to take a close look at those that have a history of seriously deficient performance. For example, contractors with multiple terminations for default or other repeated performance failures should be considered for debarment.

There is no change to the most important aspect of the Air Force suspension/debarment program: the need for a credible, effective sanction to help assure the integrity of Air Force procurement. A successful suspension and debarment program weeds out the relatively few bad contractors that cause us untold loss in dollars, in time, and worst of all in human life. It also helps deter others who may be tempted to cheat and keeps the honest people honest.

If you have any questions, please call us at SAF/GCR, DSN 223-9818. Ask for me or Jim Cohen. Only when we know your interests and concerns can we work together to get the right result.

BANKRUPTCY -- IT CAN AFFECT YOUR CONTRACTUAL RIGHTS

by Georganne Roberts, AETC/LGCC

Did you know that bankruptcy proceedings can affect the Government's contractual right to terminate for default? Well, it can, because of the automatic stay provision. This provision provides for a stay of adverse action against a debtor. Often very broadly applied by bankruptcy judges, it prevents the government from pursuing a contractual right or claim against a contractor who has filed a petition in bankruptcy court. The stay makes it difficult for the contracting officer to terminate a contract for default, reprocure, recoup unliquidated progress payments or recover Government furnished property or materials.

As soon as a government contractor files for bankruptcy, the government assigns an Air Force trial attorney to represent its interests. The Air Force trial attorney and the Assistant U.S. Attorney may enter into negotiations with the debtor contractor and other related parties, i.e., the sureties, in order to protect the Air Force's interests.

When the contractor has contracts with numerous contracting activities, the proceedings can get very complicated.

If the contracting officer wants to terminate a contract for default that is protected by the stay, he/she should contact the Termination Contracting Officer (TCO). The TCO will go to the trial attorney and request assistance, through a US Attorney, to petition the bankruptcy court to lift the stay. The TCO works closely with the base contracting officer and legal staff to prepare a statement of facts which explains why the stay should be lifted. Once the TCO is notified that a court order has been issued to lift the stay, he/she can terminate the contract for default and begin negotiations with the surety or allow the base to reprocure the supplies/services.

If the contracting officer does not have sufficient rationale to support a petition to lift the stay, it remains effective until either the case is dismissed or the discharge is granted or denied. (Discharge is the extinguishment of the continuing rights and obligations of the parties under the contract.) A serious consequence of the automatic stay is that the government is unable to use the funds that remain obligated on a contract with a contractor who has filed for bankruptcy.

Not only must the government not touch the funds, it must also continue to do business with the bankrupt contractor. This is the prohibition against discrimination. Since the purpose of the Bankruptcy Code is to rehabilitate the debtor by providing a fresh start, it prohibits discrimination against businesses because of current or previous petitions of bankruptcy. This means we cannot refuse to award a contract or exercise an option merely because the contractor has filed for bankruptcy. If the contractor has an option year on his contract or is the successful bidder on a new contract, obtains the necessary bonding, and is determined responsible, we must exercise the option or award the contract to him or we will violate the discrimination provision of the Bankruptcy Code.

Of course, contractors who file for bankruptcy normally have financial problems. these problems impact their ability to perform a specific contract, we may have a basis to determine So, nonresponsible. make them sure determinations nonresponsibility for bankrupt contractors are thoroughly documented and

coordinated with the Judge Advocate. Bankruptcy alone is not a sufficient basis for a non-responsibility determination.

BASE CLOSURE: LAST ONE OUT, TURNS OFF THE LIGHTS!

by MSgt Thomas L. Williams, OL-A, 36 CONS/LGC & TSgt James M. Olson, Det 2, 700 CONS/LGCZ

Probably the most unwelcome words heard these days, are: "Base Closure." Only "Reduction in Force" sends more of a chill up your spine. Unfortunately, given the fiscal realities in the US at this time, these are words you may indeed hear.

If a base closure does figure into your future, the first telephone call you make must be to your MAJCOM Plans Division. Other bases have "Drawn Down," or closed, and much of the trial and error in these closures is documented. Their "lessons learned" will certainly make your job easier.



Something to consider while attending your Project Task Force (PROTAF) and drafting those "Time Phased Action Items" is how closure affects your basic method of doing business. For example, you will probably be called upon to write orders for disposal of assets, which can't be moved elsewhere in the Air Force inventory in a cost effective manner. Perhaps, you will be involved in some sort of environmental cleanup action. If you are in an overseas location, you may have to deal with international and political ramifications as well. Experience has shown that you may even have to physically relocate your office (several times) as closure plans change (several times).

As the date for closure draws nearer, a primary concern will be follow up. Some companies may become less responsive if they deem your value as a future customer has diminished. Timely delivery, of course, becomes very important; especially if there won't be anyone there to accept the late delivery of a product or service. You will want to make sure everything has been delivered and receipted to avoid increasing the workload for your follow-on office, who might have to answer claims or run down late payments.

This brings us to the last piece of advice. Remind the commanders you support that the Individual Release Dates (IRDs) they approve affect your ability to support them. IRDs should take into account who in their organization is a trained Quality Assurance Evaluator (QAE) or has corporate knowledge of the contracted services they receive. Releasing these key personnel too early in the closure process can make for great difficulty in managing the contracts and processing the final receiving/inspection reports. Contracting support will be required until they lock the gate, so remember to turn off the light before you leave!

SMOKE WON'T GET IN YOUR EYES

by Lt Col Steve Smith, SAF/AQCO

All personnel on Air Force installations are subject to the policies and regulations of the Air Force. The new Chief of Staff policy of prohibiting smoking in all Air Force facilities except recreation areas designated by installation commanders and in assigned government housing affects everyone using the facilities, including contractors. Contractors are expected to comply with the policy regardless if it is specifically spelled out in their



contract. Penalties for non-compliance vary widely depending on the circumstances. For example. contractor employee unaware of the policy might receive warning, whereas one who was aware and repeatedly violated the policy, might be barred from the installation.

For existing contracts, recommend you notify your contractors who use installation facilities of the new no-smoking policy. For new contract efforts, the Performance Work Statement (PWS) should include information about the no-smoking policy. A separate clause is not needed. This is a requirements issue and should be spelled out in the PWS and tailored for each installation. The no-smoking requirement is the same as the physical security and conservation of utilities requirements in existing PWSs. The Air Force is moving toward a tobacco-free Air Force and this will include contractors who work on Air Force installations.

A PLUG FOR CENTRALIZED PR INPUT

by Ms. Ramona Hicks, 50th CONS/LGC

A number of years ago, the Maxwell Operational Contracting Office had decentralized input of purchase requests. The theory was that managers - the chiefs of services, construction and supply sections - needed control of Forms 9 or 9a from day 1. Over time, however, this system revealed many pitfalls, not the least of which was lost purchase requests. Those requests that never hit the system until synopsis or award day played havoc on the nerves of those who had to answer the phone and respond to "What's the status of my software package?", "Where are you on my new service?"--etc, etc. Particularly frustrating were those walk-throughs whose requestor always called after 5 p.m. - always after the majority had gone home for the day and you - trying to catch up on

other duties - could not resist the ringing phone. There were a variety of spots across the office where new requests were coded and input. One had to walk miles to do a customer a favor. How inefficient we were!! How customer oriented we weren't!!



In today's Maxwell 502d Contracting Squadron, AF Form 9 or 9a can now be tracked from day 1. Office wide input is centralized in an off-shoot (a customer service area) of the Management and Analysis Flight. Trained clerks receive routine and emergency requests, date stamp and segregate by flight. Checklists are used to ensure correctness and completeness of requests. Those requests not preassigned by group, class, customer or otherwise, are reviewed by supervisors for buyer assignment.

It works well!! The current average time between receipt and input is 12 working hours. Our goal is 8.

There are side benefits as well. The primary one is that specific training needs can be identified and promptly satisfied. On-site training is scheduled for organizations with frequent mistakes. Also, trouble spots are highlighted and addressed at Maxwell's biannual contracting - customer training.

THE BALTICS IN NOVEMBER?

by Maj Russ Miller, USAFE/LGCG

What would it be like to enter the procurement world not having to worry about federal, defense, or departmental acquisition regulations, policies, and procedures? Was I dreaming? No, I was speaking to a group of Latvian Ministry of Defense and Home Guard officials as part of an HQ USAFE/LG military-to-military contact team visiting Riga, Latvia. Our objective was to provide Latvian military representatives a forum to discuss USAF logistics operations and structure. As good staff officers, we anticipated our audience's needs.



My in-depth audience analysis quickly deteriorated soon after I began briefing a generic major weapon system acquisition. This group was more interested in how to buy boots from reputable sources

than in how to go about buying an aircraft. Latvia is a nation starting from "scratch" and is ravenous for any information or assistance to not only reestablish itself as a sovereign nation, but also to defend itself against any future aggression. First things first though, how to feed and clothe their all volunteer "Home Guard." With great assistance from the onsite military liaison interpreter, I managed to descope my presentation to simple acquisition procedures. As I proceeded, their past environment became more apparent as I attempted to field questions on how to deal with bribery, kickbacks, and black marketers. It was amazing to see the looks on the Latvians' faces as my teammates and I tried to describe how our country's laws and business practices usually prevented such acts. Our concepts of fairness and competition were as foreign to them as their language was to me. My briefing ended much the same as I began--speaking of how, since the dawn of military history, logistical capabilities have controlled the size, scope, pace, and effectiveness of military operations and how most major battles and campaigns of all modern wars have hinged on logistics, to include contracting's contribution to the logistics effort. It was a satisfying conclusion and experience.

This was truly an overwhelming experience -- to be part of a USAF team entering a former communist controlled country to assist in their recovery as an independent nation. It was also a

humbling experience. Perhaps the next time I hear, or dare dream, whether our system is infallible or not, I'll reminisce about those boots.



FAR REPORTER

by Col Trowel, SAF/AQCF



Congress recently completed work and the signed the FY94 Defense President has Authorization Act (Public Law 103-160, signed 30 Nov 1993) and the FY94 Defense Appropriations Act (Public Law 103-139, signed 11 Nov 1993). These Acts typically contain language that impacts DoD contracting policies and procedures and this year is no exception. The DAR Council is reviewing the details of each of these Acts and will prepare new or revised DFARS language where needed for implementation. There are a number of sections of these laws that are certain to result in DFARS changes; the most notable are:

- Section 843 of the Authorization Act requires that before being awarded a contract in excess of \$5 million, contractors shall report any commercial transactions they conducted over the preceding three years with governments of any terrorist countries. Congress must also report any such transactions that occur during the performance of the contract. DoD is required to collect and report this data to Congress by 1 December of each year.
- Section 844 of the Act requires that SecDef issue new regulations regarding purchases under the Economy Act. The law provides four conditions that must be met before an Economy Act purchase can be made and specifies the level of approval required for these purchases. This continues to be a high interest item and has been the subject of a number of recent Air Force policy statements and directives (See AFACs 92-19 and 92-34).
- Section 847 of the Act requires the GAO to conduct a study of the impact of contract bundling on small businesses. The report is to be submitted to Congress by 1 April 1994 and include recommended revisions to statutes, regulations, policies or practices to mitigate any identified adverse effects.

- Section 1372 of the Act retains, but significantly revises, the requirement to notify certain defense program contractors when programs are proposed for termination or significant reduction as a result of submission of the President's budget or passage of the Appropriations Act. The current DFARS language was disseminated by AFAC 92-32, Item B2 and was based on the FY 93 Authorization language. Air Force implementation of this statute has limited the required notifications to ACAT I and ACAT II major programs.
- Section 8155 of the Appropriations Act revises that progress payment rate for large businesses from 85% to 75%. This revised policy has already been implemented on an interim basis by AFAC 92-34, item B1 and was effective on all solicitations issued after 11 Nov 1993.

These and other changes to the DFARS are presently being worked by the DAR Council and implementing DFARS guidance will be issued in the near future. Continue to follow existing DFARS guidance until the changes are published. If you have any questions, please don't hesitate to call SAF/AQCF, DSN 227-9441.→



COMPARING OVERHEAD RATES: TRICKY BUSINESS

by Lt Col Robert Gocke Jr., AFIT/LSP

Which contractor does a better job controlling its G&A expenses, one with a G&A rate of 10%, 15%, or 60%? I was prompted to address this issue by some comments made by industry overhead specialists recently at a cost accounting standards workshop. They indicated that some buying and contract administration activities are developing metrics to compare overhead rates among companies doing the source selection processes and as overall measures of contractor cost control effectiveness. Given the significance of indirect costs on our programs today and the volatility in rates due to business base changes, the implications of rate comparison are instructive.

According to CAS 410, Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives, the G&A expense pool of a business unit must be allocated by means of a cost input base representing the total activity of the business unit during a typical account period. The three approved bases are Total Cost Input (TCI), Value Added (VA) and Single Element (SE).

The TCI base includes all direct and indirect costs except the G&A costs themselves. Value added equals TCI less the value of direct material costs, and a single element base, rarely used, consists of a specific element of cost like manufacturing labor. TCI and VA are the most common methods. The standard, therefore, requires the use of a base which best represents the total activity, on the basis of each business unit.

The selection of a G&A base has a significant impact on a company's rate and no impact on G&A costs. It follows that the selection of a VA base will always result in a G&A rate that is equal (with no material costs) or greater than a TCI rate. Further, a SE rate will always be higher than a VA rate. An example follows:

CONTRACTOR A TOTAL CONTRACTOR COSTS FOR THE YEAR ENDING 19XX DOLLARS IN THOUSANDS

Direct Material	\$100,000
Material Overhead	20,000
Manufacturing Labor	50,000
Manufacturing Overhead	10,000
Engineering Labor	80,000
Engineering Overhead	<u>40,000</u>
Total Cost Input	\$300,000
G&A Expense	30,000
Total Cost	\$330,000

G&A Rates:

TCI - 10% (30,000/300,000) VA - 15% (30,000/200,000)

SE-60% (base is mfg labor: 30,000/50,000)

Rates show significant variation but G&A costs remain exactly the same. Rate comparisons, therefore, between contractors or even between divisions of the same company, as accounting practices vary within companies, are treacherous. A low rate does not necessarily indicate overhead cost control just as a high rate does not mean a lack of control. Additional information on overhead management concepts and the evaluation of overhead costs is provided in CON 232, Overhead Management for Defense Contractors, offered by AFIT/LSP.

UNDERSTANDING THE RELATIONSHIP BETWEEN G&A, PROFIT DOLLARS, & PROFIT RATES

by Maj Tim Brown, SAF/AQCP

It is common practice to develop profit rates by dividing estimated profit dollars by estimated total cost including G&A. If G&A is included in the total cost base used to develop the profit rate, then it is correct to multiply the rate by total costs, including G&A, when using the rate to compute profit. This is true because there must be consistency between the base used to develop the profit rate and the base to which the rate is being applied. This does not violate current DoD profit policy that states that G&A is excluded from total cost when computing profit on performance risk and contract type risk (reference DFARS 215.971-2(b)(4) and DFARS 215.971-3(b)(2)) because these are two separate The first issue concerns the proper issues. relationship between a rate and its application base. The second issue involves the treatment of G&A costs when calculating profit dollars using weighted auidelines.

Under weighted guidelines, profit is fundamentally based on the contractor's cost risk (performance risk and contract type risk) and investment (facilities capital employed.) In 1986, DoD established the policy of excluding G&A when computing profit dollars for performance and contract type risk. This action killed two birds with one stone. First, by not allowing profit on G&A, it addressed concerns raised by the Senate about contractors hiding improper or unallowable costs in their G&A expenses. Secondly, it fit into DoD's goal of increasing emphasis on investment while deemphasizing cost as the basis for computing profit dollars.

To summarize, G&A is excluded when computing profit dollars, but it is consistent to apply a profit rate to total cost, including G&A, if G&A was included in the base used to develop the rate.



PEOPLE -- OUR MOST IMPORTANT RESOURCE

SEI'S MAY BE COMING!

by SMSgt Dave Williams, SAF/AQCP

We are working hard on establishing Special Experience Identifiers (SEIs) for many enlisted contracting positions. What is an SEI? An SEI is a code that requires special requirements or qualifications be met in order to qualify for a position. Why are SEIs needed? Because, as many of you know, all contracting positions have been coded according to the work being done in those positions, i.e., Contracting Level I or II, etc. The enlisted assignment process does not allow for consideration to ensure that a Contracting Level II TSgt, for example, is assigned to a Contracting Level II position. Under the current system, that position could very well be filled by a TSgt who is not contracting certified at all. Unless that TSgt was within 18 months of becoming certified, we would have a violation of the Defense Acquisition Workforce Improvement Act (DAWIA).

Establishing SEI's should help us comply with Law. Once SEI's are established, probably not earlier than April, 1994, positions now coded Contracting Level I and II will also be coded against an SEI reflecting the appropriate certification level. Once an enlisted person is certified at Level I or II, he/she will be awarded an SEI through the Military Personnel Flight. This will make him/her eligible for contracting Level I or II assignments.

Prepare yourself to be awarded an SEI once they are established. Recent statistics indicate that about 57% of the enlisted personnel currently assigned to Contracting Level I or II positions are actually certified to their respective level. Although, this is a vast improvement over last year, we can still do better. If you have completed all the requirements but haven't applied for certification, please do so. If you have not completed all the requirements, get with your superintendent to establish a quick plan to take care of this. \(\rightarrow\)

QUESTIONS ON TUITION ASSISTANCE

by Dianne Holmes, AFCPMC/CMCCP

The response of Contracting and Manufacturing Civilian Career Program (CMCCP) registrants and interns to the tuition assistance program has been outstanding. Remember that the applications are ranked with highest prioritization given to those applicants who are completing course work required to meet DAWIA. Some frequently asked questions are:

If I go ahead and register for a class before I receive a funded DD Form 1556, can I request If a student reimbursement from CMCCP? registers for a course prior to receipt of a funded DD Form 1556, that student assumes the risk of paying for the class. However, if a student assumes such a risk and the DD Form 1556 is funded after the student registers, then the student may request reimbursement after successful completion of the course. For example, Mr. Doe has an application with CMCCP for an appropriate class that starts 16 Oct 93 but the DD Form 1556 is not funded prior to registration date. Mr. Doe receives a funded DD Form 1556 on 8 Dec 93 for subject class. Upon successful completion, Mr. Doe may submit the following to CMCCP for reimbursement: (1) SF 1164 (Claim for Reimbursement for Expenditures on Official Business), (2) Cancelled Check (front and back sides) or Receipt for Tuition Payment, (3) Satisfactory grade slip (average grade standing of "B" or better for graduate studies and a "C" or better for undergraduate studies). On the SF 1164 itself, please identify the course title and start and end dates.

Does CMCCP need to know if I substitute a class or if the start and end dates for a class change? Yes. Treat the DD Form 1556 as you would a contract. Contact CMCCP and discuss any change to your schedule in advance of registration. A change in course start date is OK provided the start date of the class remains within FY 94 (1 Oct 93 - 30 Sep 94), but please advise us of the actual dates. A request for course substitution, along with description of the course being requested, must be submitted to CMCCP prior to registration.

What if I decide not to take all the classes which have been funded by CMCCP? Again, call CMCCP when there is any change to your schedule. Please advise CMCCP as soon as you realize that excess funds are obligated on your DD Form 1556. Those funds may be deobligated and used by other

people. In addition, include the reason you are deleting the course from your schedule. Failure to notify CMCCP of dropped courses could jeopardize your funding of future courses.

What if the tuition rate goes up and the amount obligated on the DD Form 1556 is no longer adequate? Advise CMCCP of any change in tuition rate. If the net impact is less than \$50 per DD Form 1156, then the increase may be handled administratively IF funds are available. If the net impact is \$50 or greater, the student should submit a supplemental DD Form 1556 to CMCCP for funding consideration. Increases in tuition are NOT automatically paid.

CMCCP wants the tuition assistance experience to be a positive one. CMCCP personnel are available to help. If you have any questions regarding tuition assistance, please contact Dianne Holmes, DSN 487-4608/4603.→

THE CMCCP REFERRAL SYSTEM UPDATE

THE WHOLE PERSON SCORE--IT'S IMPORTANT

The Whole Person Score (WPS) is an important part of the Contracting and Manufacturing Civilian Career Program referral system. The WPS is used as a final ranking criteria in determining the top 15 candidates to be referred for promotion and for reassignment/change to lower grade. The whole person score concept was developed to consider candidates' TOTAL qualifications verses their work experience alone.

The Technical Appraisal (TA) (100 points) is the single largest element in the WPS. The TA is accomplished on an eligible CMCCP registrant at the same time the Civilian Performance and Promotion Appraisal (CPPA-860A) is accomplished. Only selected TA factors are considered in ranking registrants for referral, and the selected factors are assigned different weights based on their relevance to the position being filled. For example, the factors used to fill Cost Analyst positions will be different from those used in filling Contract Negotiator positions. Therefore, a registrant's TA score will vary depending on the position being filled. This may result in slightly different WPS's from one position to another.

The CPPA Appraisal Factors (50 points) part of the WPS works somewhat like the TA factors part in that different factors have different weights. However, the different weights are a function of only the occupational series of the position and whether the position being filled is supervisory or non-supervisory.

The CPPA Overall Performance ratings are credited as follows: Superior = 15 points; Excellent = 10 points; Fully Successful = 3 points.

Points for education are provided based on the employees highest educational level obtained:

Above Master's Degree* = 22 points
 Master's Degree = 20 points
 Bachelor's Degree = 16 points
 Associate's Degree = 6 points
 2 or more years college = 4 points

*Above Master's Degree is defined as a Ph.D., two or more Master's Degrees, or a Law Degree and a Master's Degree

Professional certification is an important aspect of professional development. Certifications not only acknowledge ones broad and balanced understanding of the career field, but also recognizes an individual's pursuit of continuous professional development. In recognition of professional certification, the referral system awards up to 3 WPS points based upon receipt of approved certifications by a registrant. While the points awarded may only account for 1% of the WPS, it can make the difference in being referred. Registrants with one certification receive 2 points. Registrants with two or more certifications receive 3 points. (See Bulletin Board for listing of approved certifications.)

No one has a greater interest in your career than you. Be sure your records reflect accurately your information covered by the WPS.

BIG CHANGES ARE HERE!

Beginning in Oct 93, with implementation of the DAWIA, the CMCCP Referral System has undergone some fairly significant changes, as they relate to filling GS 1102 positions.

•All GS-1102-12 through GS/M-1102-15 positions are filled through CMCCP.

- -- To be referred for promotion consideration, GS-1102 candidates must meet the DAWIA education requirement, or have at least 10 years acquisition experience by 1 Oct 91.
- -- Candidates not meeting the GS 1102 DAWIA education requirement or not having at least 10 years acquisition experience by 1 Oct 91 (known as "grandfathered employees") will be referred only for consideration for positions at their current grade level and for positions at a lower grade level as indicated in their computer records. Grandfathered employees may only be selected for positions whose level of responsibility is of no greater responsibility than the position which they occupied on 1 Oct 93.
- •Filling GS-1102 Critical Acquisition Positions (CAPs).
- -- To be referred for consideration, candidates must meet the DAWIA Acquisition Corps membership or eligibility requirements.
- •Filling GS-1102 positions coded with Acquisition Certification Levels I, II, or III designations.
- -- To be referred, candidates need not be certified at the level of the position being filled. Candidates not meeting the certification requirements of the position will be identified to the selecting officials. If a selecting official wants to select a candidate who does not yet meet the certification requirements, he/she must judge whether or not that candidate would be able to meet the certification requirements within 18 months.
- •Filling GS-1102 positions designated as Contracting Officers (CO) above the small purchase threshold.
- -- In addition to meeting the 1102 education and/or CAP requirements, candidates must have served two years in a contracting position and have met all training requirements of the position currently serving in.
- -- Candidates not meeting CO requirements may only be selected for positions of no greater responsibility than the position held on 1 Oct 93.

If you have any questions on the Referral System or the Whole Person Score concept, contact AFCPMC/DPCQ at DSN 487-4603/4608.

PEOPLE BULLETIN BOARD

SENIOR LEADERSHIP PROMOTIONS!!!

MAJ GEN (SEL) ROBERT DREWES SAF/AQC

BRIG GEN (SEL) TIMOTHY MALISHENKO AFMC/PK

TO SES:

MORRIS GOODRICH OO-ALC/PK

* **********************************

NEW NATIONAL AWARD FOR SUPPLIER EXCELLENCE

The Office of Federal Procurement Policy (OFPP) is currently pursuing a national award to start in 1994 to recognize outstanding Government The National Award for Supplier suppliers. Excellence is an initiative under the Vice President's National Performance Review. Although under study, preliminary feedback indicates five to six contractors throughout Federal Government will be honored with one to two being small businesses. Eligibility criteria, nomination process, and type of award are under review by OFPP and a panel of representatives from throughout US Government. The Air Force is represented by Colonel Lloyd Watts, SAF/AOCS, DSN 227-7714. Your ideas are most welcomed.

CONGRATULATIONS TO OUR NEW GS-15s!!!

DAVID J. ROBINSON, OO-ALC BRENT W. KENDALL, OO-ALC GAIL L. VRANICAR, LA AFB

CONGRATULATIONS
TO OUR RESERVE COL SELECTEE!!!

JOHN R. MASTERS

He has also been selected to attend ICAF.

APPROVED PROFESSIONAL CERTIFICATIONS

(See Whole Person Score Article)

Certified Cost Analyst (CCA)

Institute of Cost Analysis

Certified Professional Contracts Manager (CPC)

National Contract Management Association

Certified Associate Contracts Manager (CAC)

National Contract Management Association

Certified Purchasing Manager (CPM)

National Association of Purchasing Managers

Contract Management Certificate (CMR)

ALMC/NCMA

Prof Designation in Contact Management (PDC)

AFIT/NCMA

Prof Designation in Cost/Price Analysis (PDC)

AFIT/Institute of Cost Analysis

Certified Professional Estimator (CPE)

National Estimating Society

Certified Property Manager

National Property Management Association

Certified Property Specialist (CPT)

National Property Management Association

Certified Public Accountant (CPA)

AICPA/State Board of Public Accounting

Lawyer (LAW)

ABA/Admittance to a State Bar Association

Professional Designation in Logistics Management (PDL)

AFIT/Society of Logistics Engineers

CONGRATULATIONS TO OUR CMSgt SELECTEES!!!

TOM SCHEETZ LARRY ZAMORA DAVE WILLIAMS